

EUGENE WATER & ELECTRIC BOARD

2022

ADOPTED BUDGET



Rely on us.



BOARD OF COMMISSIONERS

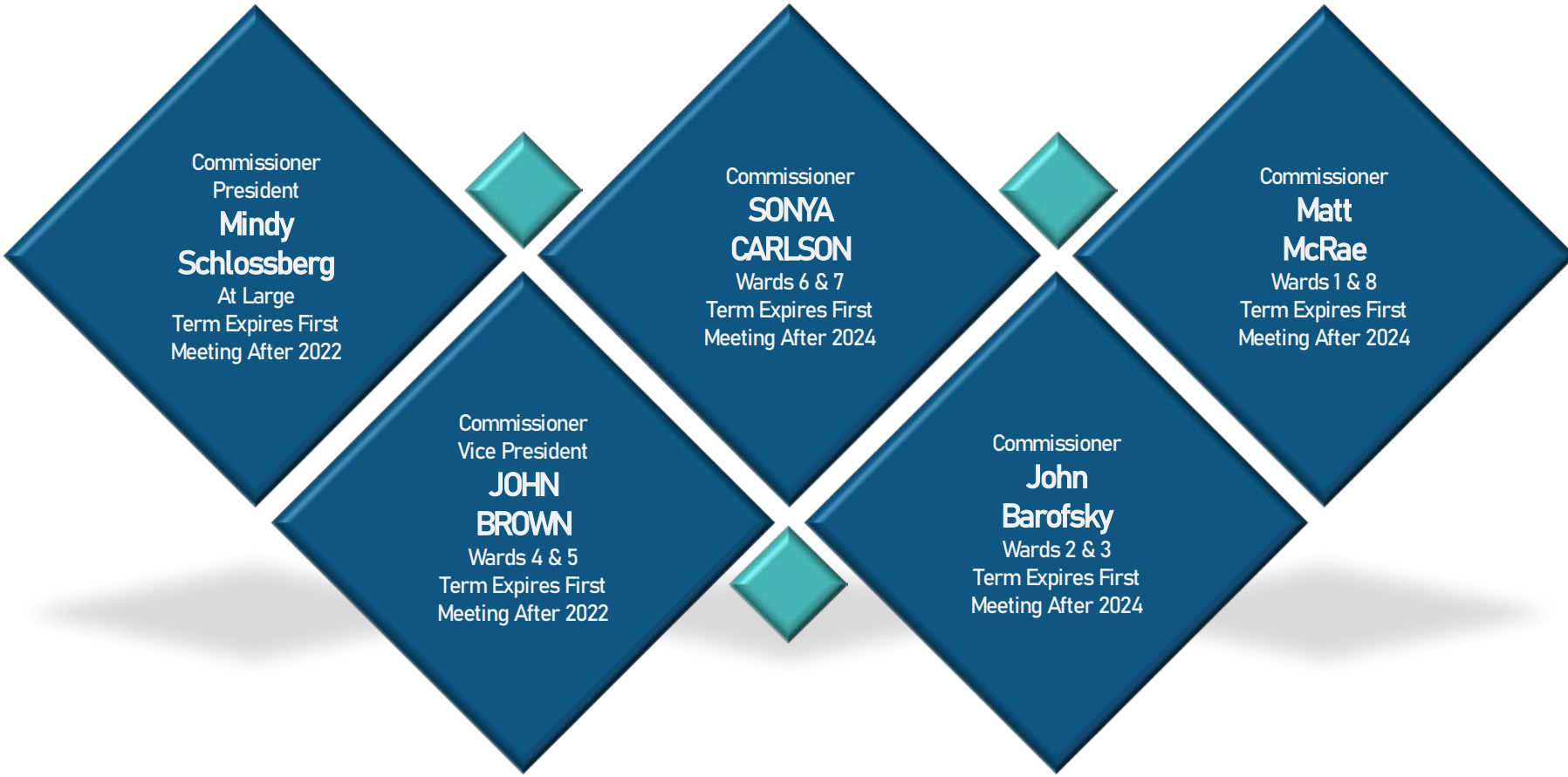


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LETTER TO THE BOARD OF COMMISSIONERS

Board of Commissioners,

The 2022 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets, totaling \$327.9 million for the Electric Utility and \$61.1 million for the Water Utility, were submitted for your consideration and approval. The combined total for both Utilities was \$389 million which was approximately 17.5% above the 2021 budget. The increase was driven by higher purchased power costs for the Electric Utility, increased capital spending for both Water and Electric Utilities, and higher O&M expenses for both Utilities. The increased purchased power costs, which were offset by higher wholesale revenue, were due to higher budgeted trade volumes and wholesale market prices. The increased capital investment supports EWEB's strategic direction in improving resiliency and fostering customer confidence. Additionally, the capital plans support our core values of Safety, Reliability, Responsibility and Community by providing customer-owners with better service, building a more resilient community with anticipated reduced outage response times, and creating a cleaner energy future. Both Utilities had increases in the overall revenue requirement and consequently, recommended price increases. This recommendation comes after five consecutive years of no price increases for both the Electric Utility and the Water Utility.

EWEB continues to focus on fostering customer confidence and investing in utility infrastructure while maintaining sustainable spending levels at forecasted CPI levels over the next ten years.

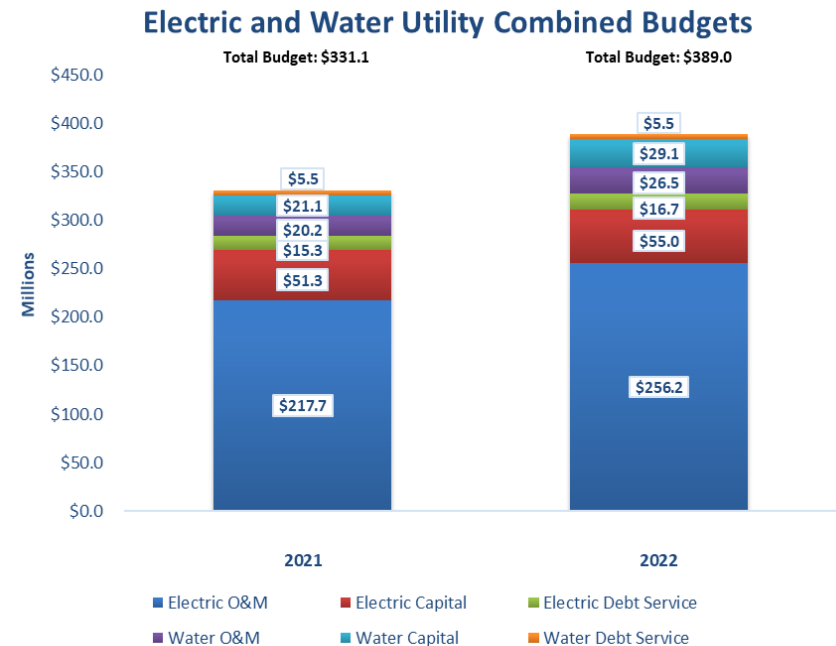
Spending in 2022 will support the Enterprise Resource Planning initiative to replace legacy information systems. Additionally, the Meter Infrastructure Replacement project will support EWEB's other strategic initiatives by providing demand-side information to assist with decisions regarding the Utility's power supply portfolio and provide organizational efficiencies and benefits to customer, such as leak detection. These decisions will be made in the context of climate change, new technology, developing markets, and the need to synchronize supply and demand in a highly volatile and interconnected system.

The Electric Utility's long-term financial plan indicates future price increases to meet revenue requirements to support aging infrastructure, improve resiliency, and maintain reliability. The ten-year

compounded price increase projection is 30.67% within the general CPI benchmark projections of 23.1% to 33.1%. The projections support the urgent need to replace aging power infrastructure, which was largely installed in the 1960s and 1970s, while maintaining reliability and increasing resiliency to disruptive events. The price increase growth rate trajectory will be mitigated through a combination of cost containment and strategic use of reserves to reduce ongoing O&M costs and smooth price increases over time.

The Water Utility's long-term financial plan also indicates future price increases to meet revenue requirements, which will be used to support modernization and resiliency projects.

The following chart depicts the combined Electric and Water budgets for 2021 and 2022.



For the 2022 Adopted Budgets, electric retail load increased relative to 2021, and yet continued to be lower relative to 2020 budget levels. This was due to the loss of a major industrial customer and continued strained economic conditions stemming from the COVID-19 pandemic. In the future, as EWEB continues to refine products and services that incent customer-owners to use our carbon-responsible power as an

alternative to other forms of fuel, there will likely be impacts on retail demand for electricity. EWEB will continue to monitor the impacts of these programs on peak demand and energy sales.

Though the Electric and Water Utilities' financial condition have been very different over the last few years, both utilities are well positioned to make the strategic investments and operational priorities incorporated into the Capital Improvement Plans and Long-Term Financial Plans. In recent years, Management has proactively taken actions to reduce long-term liabilities and debt service costs:

1. Reduction of \$92 million in debt service from asset sales and strategic use of reserves, as well as \$25 million in savings from refunding \$195 million in bonded debt, between 2015 and 2020
2. Deposit to PERS side account in 2019, including state matching funds, and payoff of transition liability in 2018
3. Reduced projected spending on Carmen-Smith

The efforts, combined with cost containment effects and organizational efficiencies, have allowed both utilities to meet customer needs without raising rates during a period in which CPI has increased by roughly 11%.

As aforementioned, the Electric Utility installed significant electric delivery infrastructure investments in the 1960s and 1970s and therefore EWEB needs to manage the replacement of these aging assets while maintaining reliability and increasing resiliency to disruptive events. The Age of System metric monitors the age of capital infrastructure and a target annual investment rate of 2.0 to 2.5 times the depreciation will improve this metric from 62% in 2020 to a projected 51% in 2031. The electric system investments will be prioritized by managing high-customer-impact assets and systems that increase resiliency to critical locations.

The Water Utility has made significant investments in the Hayden Bridge Treatment Plant over the past decade and is now prioritizing strengthening base level storage and in-town transmission infrastructure. Over the next several years EWEB will scope and construct a treatment plant on the Willamette River.

EWEB continues to be a strong community partner as evidenced by its Community Care Program, which provides approximately 10% of

annual average water and electric expenses to a minimum of 5% of the residential customer base. Additionally, EWEB provides \$450,000 annually in grants to local schools and \$250,000 annually, through customer funded programs, for green power and solar initiatives. In 2022, EWEB will continue its program to encourage smart electrification by dedicating \$600,000 budget to incentivize conversion to low carbon, electric fuel.

ELECTRIC UTILITY

Overview

On an ongoing basis, the Electric Utility faces challenges related to retail demand (load loss), infrastructure investment and replacement needs, and volatile power markets in which it sells surplus power. Recently, the load loss from the COVID-19 pandemic, the loss of a major industrial customer, wildfires and other factors affecting generation and retail customers, and price volatility have all brought to light how EWEB can be exposed to multiple risks. To deal with these challenges EWEB has invested in electrification incentives, used conservative demand and hydro assumptions, increased capital budgets for replacement, and has an active hedging and risk management program to mitigate market risk. Furthermore, as noted previously, the debt management and cost containment work has significantly reduced pressure on financial metrics.

Operations & Maintenance Budget

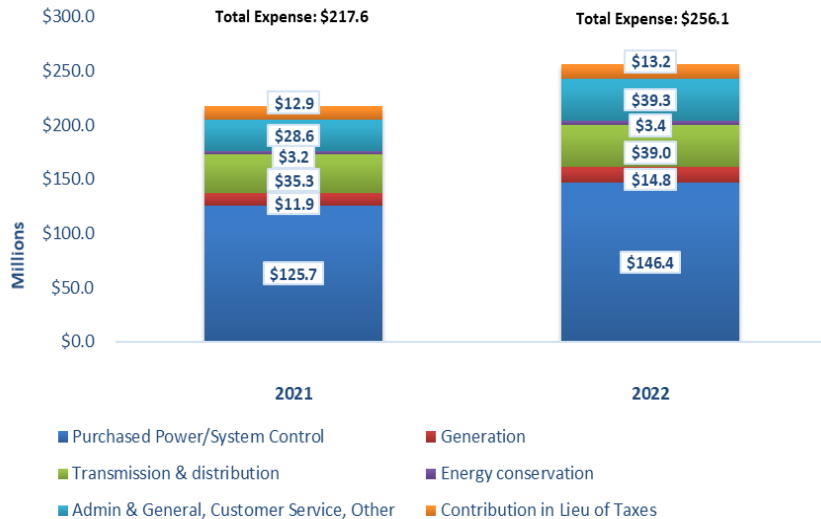
The adopted 2022 Electric O&M budget is \$256.1 million compared to the 2021 O&M budget of \$217.6 million. Purchased power increased by \$20.7 million due to higher wholesale market prices and increased budgeted volumes of wholesale activity. The budget assumes a contribution margin risk tolerance of \$8 million, which protects the Utility against revenue declines that are beyond its control. This risk tolerance equates to a hydro generation drop to 90% of expected, or a 11.5% load reduction below budget levels. Given its surplus power position, EWEB has a strong hedging program designed to protect the Utility from falling wholesale prices and budget impact. Wholesale revenue has increased by \$28.2 million between 2021 and 2022. The increase in Sales for Resale is due to increased wholesale market prices and budgeted volumes.

The following two charts compare the Electric 2021 and 2022 O&M revenue and expense budgets.

Electric Utility Budgeted Revenues



Electric Utility Budgeted Operations & Maintenance Expenses

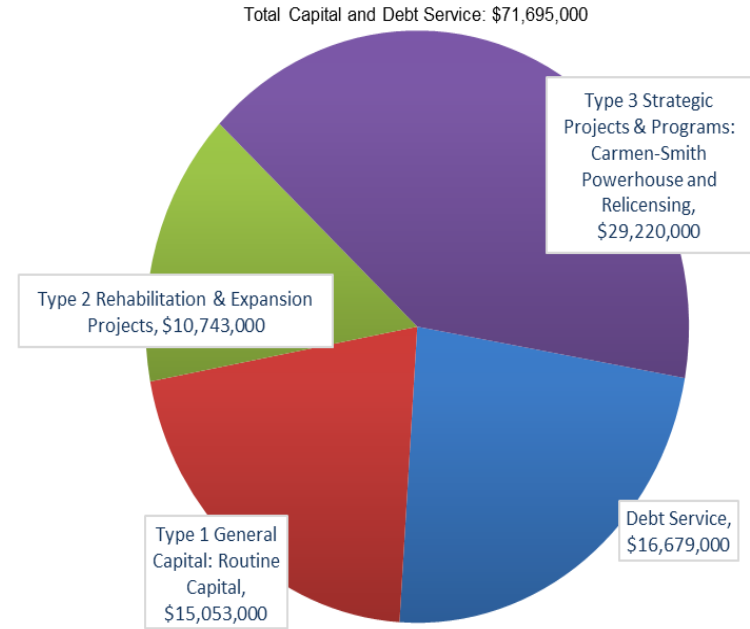


Capital and Debt Service Budget

The Electric Capital & Debt Service budget of \$71.7 million is \$5 million higher than the 2021 budget. This is primarily due to increased capital spending related to distribution and transmission aging infrastructure, generation, and Carmen-Smith. Approximately \$13.0 million of the capital work will be funded with electric prices retail revenue. Additional detail on the capital budget is included in Attachment 1.

The following chart details the budget by type of cost.

Electric Capital and Debt Service Budget



WATER UTILITY

Overview

The Water Utility faces challenges as well, including replacement of aging infrastructure, water source protection, and developing a second source. The extensive investments required to operate a filtration plant, maintain a large distribution system, and rehabilitate and maintain the critical water source requires capital and financial planning. Improvements to the Water Utility's financial stability over the last

several years provide adequate flexibility to meet these challenges through building reserves which will be strategically used to help the Utility maintain its strong financial metrics.

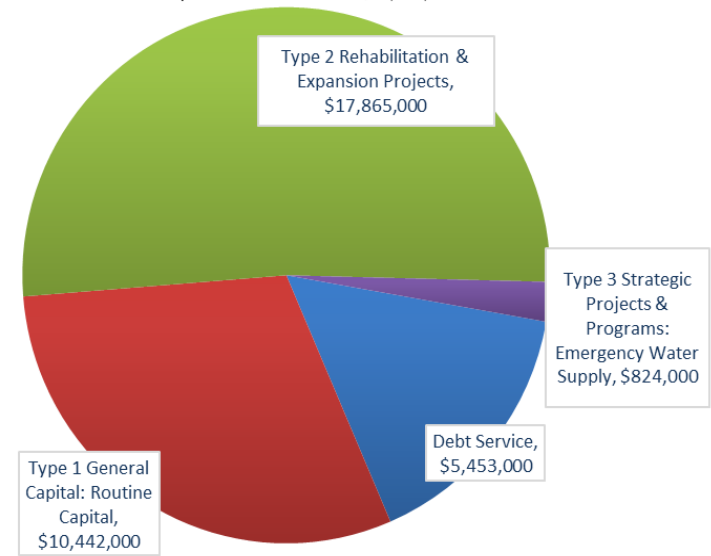
Operations & Maintenance Budget

The 2022 Water Utility O&M budget is \$26.5 million compared to \$20.2 million in 2021. The budget assumes \$4.3 million for Watershed Recovery work, which over time will be funded by the Watershed Restoration Fee, and sales of 7.7 billion gallons which is higher than it was budgeted in 2021. Residential revenue makes up 54.1% of the Water Utility's total revenues and 34.9% is from commercial sales.

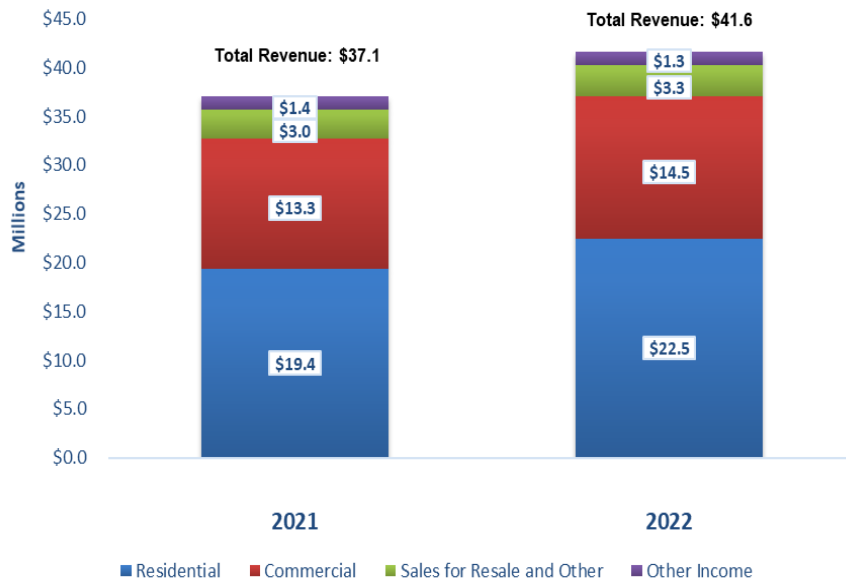
The budget results in a \$3.3 million draw from reserves. The following charts compare the 2022 and 2021 Water Utility budgeted O&M Revenues and Expenses.

Water Capital and Debt Service Budget

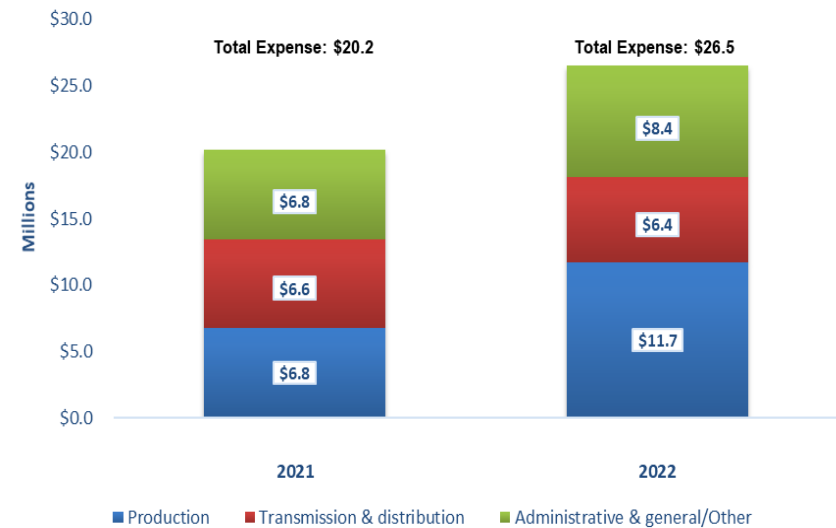
Total Capital and Debt Service: \$34,584,000



Water Utility Budgeted Revenues



Water Utility Budgeted Operations & Maintenance Expenses



Capital and Debt Service Budget

The Water Capital & Debt Service budget of \$34.6 million reflects a \$8 million increase from the 2021 budget, driven by an increase in capital spending. EWEB continues to focus on improving resiliency by addressing critical aging infrastructure in the distribution system such as main improvements, pump stations, and reservoirs. The budget also includes funding for emergency water stations, which are a joint effort with community partners such as school districts, to provide potable water in the event of an emergency or natural disaster. Depending on the type of project, funding is through water retail prices, customer contributions, or bonds.

In 2021 the importance of long-term plans and the ability to adapt those plans in changing circumstances continued to be drive organization effectiveness. The strategic, financial, and capital plans provided a roadmap for the organization when dealing with ongoing challenges of the COVID-19 pandemic, electric demand reductions, and the continued impact of fires within our service territories. While plans were not a step-by-step guide to dealing with these challenges, they did provide a framework for strengthening the resiliency of the utility. The 2022 budgets position both the Electric and Water Utilities to maintain their financial resiliency, rise to whatever challenges 2022 may bring, and to continue efforts to enhance customer confidence. As we progress towards phase two of creating consumption flexibility, we continue to be guided by our core values to provide safe and reliable drinking water and electricity, be responsible stewards of resources, and adhere to our commitment to serve our local community. I am proud how of EWEB has rallied around this focus, and I want to thank EWEB management, staff, and Commissioners for their assistance in helping EWEB achieve its mission “to enhance our community’s vitality by delivering drinking water and electric services consistent with the values of our customer-owners”.

Respectfully submitted,



Frank Lawson, General Manager

DID YOU KNOW?



Nearly 20 years ago, EWEB and McKenzie Fire & Rescue organized the McKenzie Watershed Emergency Response System to mitigate hazardous materials spills into the river – our sole source of drinking water. In 2021 EWEB worked with multiple agencies in a containment drill, guaranteeing that staff at multiple agencies are proficient in the event of a hazardous spill.

ATTACHMENT 1

2022 ADOPTED BUDGET



DID YOU KNOW?

The McKenzie River is home to federally threatened bull trout and Chinook salmon. EWEB monitors the populations of these native fish and works to return historic fish spawning and feeding areas to a more natural environment. In 2021, EWEB placed 300 yards of gravel in the area below Tamolitch Falls and above the Trail Bridge Reservoir to enhance spawning grounds for bull trout. At Carmen-Smith the speed and quantity of water moving through the hydro project is controlled to support the survival of fish at different life stages, in addition to other aquatic life that live in nearby waterways.

ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS 2022 ADOPTED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL

	2022 Adopted Budget		2021 Adopted Budget		2020 Actual	
	MWH	Revenue and Expense	MWH	Revenue and Expense	MWH	Revenue and Expense
Residential	909,000	\$106,947,000	938,000	\$104,867,000	929,000	\$99,374,000
Commercial	816,000	77,527,000	784,000	72,124,000	817,000	68,700,000
Industrial	493,000	22,192,000	493,000	23,993,000	515,000	24,241,000
Retail sales	2,218,000	206,666,000	2,215,000	200,984,000	2,261,000	192,315,000
Wholesale sales	1,395,000	65,146,000 ¹	1,330,000	36,944,000	1,854,000	43,909,000
Other Operating Revenues		8,897,000		8,258,000		7,675,000
	<u>3,613,000</u>	<u>280,709,000</u>	<u>3,545,000</u>	<u>246,186,000</u>	<u>4,115,000</u>	<u>243,899,000</u>
Other revenue		1,542,000 ²		5,551,000		10,244,000
Interest earnings		236,000		370,000		1,716,000
Non-operating revenues		1,778,000		5,921,000		11,960,000
Total revenues		<u>282,487,000</u>		<u>252,107,000</u>		<u>255,859,000</u>
Purchased Power		141,409,000		120,640,000		134,594,000
System control		4,953,000		5,044,000		4,637,000
Generation		14,800,000		11,945,000		12,142,000
Wheeling		12,751,000		11,938,000		11,248,000
Transmission & distribution		26,248,000		23,380,000		24,509,000
Customer accounting		8,196,000		8,609,000		8,242,000
Energy conservation		4,695,000		4,380,000		4,014,000
Administrative & general		31,495,000		22,508,000		20,751,000
Operating expenses		<u>244,547,000</u>		<u>208,444,000</u>		<u>220,137,000</u>
Contributions in lieu of taxes		13,240,000		12,935,000		- ³
Change in balance sheet accounts/ other expenses		(1,635,000)		(3,703,000)		26,621,000 ⁴
Non-operating expenses		11,605,000		9,232,000		26,621,000
Total operations and maintenance expenses		<u>256,152,000</u>		<u>217,676,000</u>		<u>246,758,000</u>
Rate funded capital		13,011,000		18,846,000		
Rate funded debt service		16,679,000		15,340,000		
Total rate funded capital related expenses		29,690,000		34,186,000		
Total rate funded expenses		<u>285,842,000</u>		<u>251,862,000</u>		
Revenues over/(under) expenses		<u>\$(3,355,000)</u>		<u>\$245,000</u>		
Deposit to (Draw on) Reserves:						
Deposit to (Draw on) Working Cash/Reserves		(3,355,000)		245,000		
Net change in reserves		<u>\$(3,355,000)</u>		<u>\$245,000</u>		
Change in Net Position						<u>\$9,101,000⁵</u>

¹ Increased Wholesales sales due to higher budgeted volume and market prices

² Decreased Other Revenue due to sale of generation facility investment in 2021 and FEMA reimbursements from 2020

³ CILT included as contra revenue in revenue section

⁴ Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid of construction, contributed plant assets, pension revenue, and pension expense

⁵ Actual results are not directly comparable to budget due to a difference in accounting treatment

Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
2022 ADOPTED BUDGET COMPARED WITH 2021 ADOPTED BUDGET

	2022 Adopted Budget	2021 Adopted Budget
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$13,011,000	\$18,846,000
Draw on Capital Reserves	-	2,895,000
Draw on Rate Stabilization Reserves	9,943,000	-
Bond Proceeds	30,020,000	27,400,000
Customer Contributions in Aid	2,042,000	2,199,000
Total Source of Funds	<u>55,016,000</u>	<u>51,340,000</u>
Expenditures by Type		
<u>Type 1- General Capital ¹</u>		
Electric Infrastructure- Generation	2,140,000	1,440,000
Electric Infrastructure- Substations	2,160,000	2,000,000
Electric Infrastructure- Transmission & Distribution	7,276,000	7,211,000
General Plant- Information Technology	1,487,000	4,667,000
General Plant- Buildings & Land	96,000	48,000
General Plant- Fleet	988,000	1,026,000
Telecommunications	906,000	1,319,000
Total Type 1	<u>15,053,000</u>	<u>17,711,000</u>
<u>Type 2- Rehabilitation & Expansion Projects ²</u>		
Downtown Network	1,015,000	1,070,000
General Plant- Buildings & Land	1,400,000	-
Resiliency	3,052,000	2,235,000
Information Technology	-	2,524,000
Electric Infrastructure- Generation	2,000,000	-
Electric Meters	3,276,000	6,900,000
Total Type 2	<u>10,743,000</u>	<u>12,729,000</u>
<u>Type 3- Strategic Projects & Programs ³</u>		
Carmen-Smith Relicensing	29,220,000	20,900,000
Total Type 3	<u>29,220,000</u>	<u>20,900,000</u>
Total Electric Capital Budget	<u>55,016,000</u>	<u>51,340,000</u>
Rate Funded Debt Service	<u>16,679,000</u>	<u>15,340,000</u>
Total Electric Capital and Debt Service Budget	<u>\$71,695,000</u>	<u>\$ 66,680,000</u>

¹ Type 1 capital is routine capital work for projects totaling less than \$1 million and is primarily funded with rates and customer contributions

² Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over \$1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

³ Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded
Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2022 ADOPTED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL

	2022 Adopted Budget		2021 Adopted Budget		2020 Actual	
	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense
Residential	3,768,000	\$22,505,000	3,610,000	\$19,443,000	4,055,000	\$20,508,000
Commercial	3,302,000	14,536,000	3,135,000	13,324,000	3,213,000	14,053,000
Sales for Resale and Other	645,000	3,330,000	670,000	2,962,000	700,000	4,320,000
Operating revenues	<u>7,715,000</u>	<u>40,371,000</u>	<u>7,415,000</u>	<u>35,729,000</u>	<u>7,968,000</u>	<u>38,881,000</u>
Other revenue		1,278,000		1,355,000		262,000
Interest income		26,000		53,000		500,000
Non-operating revenues		<u>1,304,000</u>		<u>1,408,000</u>		<u>762,000</u>
Total revenues		<u>41,675,000</u>		<u>37,137,000</u>		<u>39,643,000</u>
Production		11,720,000		6,817,000		\$7,671,000
Transmission & distribution		6,446,000		6,637,000		7,269,000
Customer accounting		1,622,000		2,053,000		1,975,000
Conservation		632,000		565,000		520,000
Administrative & general		6,399,000		4,486,000		5,111,000
Operating expenses		<u>26,819,000</u>		<u>20,558,000</u>		<u>22,546,000</u>
Change in balance sheet accounts/ other expenses		<u>(304,000)</u>		<u>(322,000)</u>		<u>6,563,000</u> ¹
Non-operating expenses		<u>(304,000)</u>		<u>(322,000)</u>		<u>6,563,000</u>
Total operations and maintenance expenses		<u>26,515,000</u>		<u>20,236,000</u>		<u>29,109,000</u>
Rate funded capital		13,630,000		12,667,000		
Rate funded debt service		3,953,000		2,450,000		
Total rate funded capital related expenses		<u>17,583,000</u>		<u>15,117,000</u>		
Total rate funded expenses		<u>44,098,000</u>		<u>35,353,000</u>		
Revenues over expenses		<u><u>\$(2,423,000)</u></u>		<u><u>\$1,784,000</u></u>		
Deposit to (Draw on) Working Cash/Reserves		<u>(2,423,000)</u>		<u>1,784,000</u>		
Net change in reserves		<u><u>\$(2,423,000)</u></u>		<u><u>\$1,784,000</u></u>		
Change in Net Position						<u><u>\$10,534,000</u></u> ²

¹ Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets

² Actual results are not directly comparable to budget due to a difference in accounting treatment

Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
2022 ADOPTED BUDGET COMPARED WITH 2021 ADOPTED BUDGET

Funding Source by Type	2022 Adopted Budget	2021 Adopted Budget
<u>Source of Funds</u>		
Retail Revenue	\$13,628,000	\$ 12,667,000
Draw on Capital Reserves	7,000,000	-
Draw on AWS Reserve	824,000	412,000
Bond Proceeds	4,518,000	6,443,000
Customer Contributions in Aid	1,178,000	1,143,000
System Development Charges, Improvements	1,983,000	455,000
Total Source of Funds	29,131,000	21,120,000
 Expenditures by Type		
<u>Type 1 - General Capital</u> ¹		
Source - Water Intakes & Filtration Plant	849,000	463,000
Distribution & Pipe Services	6,181,000	5,769,000
Distribution Facilities	2,153,000	1,401,000
Information Technology	257,000	690,000
Buildings, Land & Fleet	1,002,000	810,000
Total Type 1	10,442,000	9,133,000
 <u>Type 2- Rehabilitation & Expansion Projects</u> ²		
Source - Water Intakes & Filtration Plant	-	100,000
Distribution	14,317,000	7,416,000
Water Meters	3,548,000	3,200,000
Information Technology	-	859,000
Total Type 2	17,865,000	11,575,000
 <u>Type 3- Strategic Projects & Programs</u> ³		
Emergency Water Supply	824,000	412,000
Total Type 3	824,000	412,000
Total Water Capital Budget	29,131,000	21,120,000
Rate Funded Debt Service	3,953,000	2,450,000
SDC Reimbursement Funded Debt Service	1,500,000	3,000,000
Total Water Capital and Debt Service Budget	\$ 34,584,000	\$ 26,570,000

¹ Type 1 capital is routine capital work for projects totaling less than \$1 million and is funded with rates and customer contributions

² Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over \$1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

³ Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded Dollars rounded to nearest thousand

ATTACHMENT 2

DEPARTMENT OPERATIONS & MAINTENANCE

2022 BUDGET COMPARED TO PRIOR YEARS



DID YOU KNOW?

Because EWEB is a public agency, it is exempt from taxes, instead EWEB contributes a portion of electricity sales revenue to the cities of Eugene and Springfield in the form of Contributions in Lieu of Taxes, or CILT. These contributions support critical services like public safety. Additionally, EWEB provides about \$500,000 in grant funds to the four school districts in our service area in support of water and energy curriculum and activities.

Eugene Water & Electric Board – Department Operations & Maintenance Budget: 2022 Summary

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Customer Service	\$12,394,000	\$11,562,000	\$10,979,000
Electric	25,050,000	21,568,000	22,517,000
Energy	173,328,000	149,146,000	162,153,000
Finance	14,147,000	14,233,000	11,357,000
General Manager	1,553,000	791,000	743,000
Information Services	18,425,000	11,097,000	11,485,000
Support Services	15,417,000	14,326,000	13,571,000
Water	17,822,000	13,191,000	15,253,000
Workforce Services	3,461,000	2,634,000	2,572,000
Total Operations and Maintenance Budget	\$281,597,000	\$238,548,000	\$250,630,000

Customer Service Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$6,401,000 ¹	\$5,766,000	\$5,428,000
Stores Materials and Supplies	3,000	6,000	4,000
EWEB Equipment	21,000	31,000	32,000
Maintenance and Repairs	2,000	1,000	-
Materials and Supplies	13,000	26,000	9,000
Technology / Office Equipment	11,000	22,000	11,000
Total Purchases	\$50,000	\$86,000	\$56,000
Contract Labor	25,000	15,000	-
Conservation Measures and Incentives	2,750,000 ²	2,625,000	2,539,000
Electrification Incentive	600,000 ³	500,000	257,000
Miscellaneous Services	48,000	46,000	29,000
Professional and Technical Services	379,000	402,000	165,000
Printing and Postage	52,000	56,000	36,000
Training and Travel	66,000	55,000	29,000
Grants	823,000	811,000	657,000
Limited Income Services	1,200,000	1,200,000	1,783,000 ⁴
Total Services	\$5,943,000	5,710,000	\$5,495,000
Total	\$12,394,000	\$11,562,000	\$10,979,000

¹ Internal transfer and increased communication support for the high impact community impact projects

² Conservation Incentives based on eligibility for reimbursement by BPA

³ Clean Fuel Credit revenue increased in 2022, offsetting increased expense

⁴ Increased Customer Care payments due to pandemic related job loss assistance and Holiday Farm Fire. Supplemented by customer donations

Electric Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$16,506,000 ¹	\$13,912,000	\$14,878,000
Stores Materials and Supplies	562,000	652,000	617,000
EWEB Equipment	1,478,000	1,382,000	1,337,000
Maintenance and Repairs	18,000	28,000	36,000
Equipment	9,000	5,000	6,000
Vehicle Fuel and Oil	6,000	5,000	-
Materials and Supplies	369,000	336,000	449,000
Technology / Office Equipment	15,000	15,000	11,000
Total Purchases	\$2,457,000	\$2,423,000	\$2,456,000
Contract Labor	120,000	110,000	106,000
Construction Agreements	4,184,000 ²	4,016,000	3,761,000
Miscellaneous Services	146,000	97,000	234,000
Professional and Technical Services	510,000	397,000	247,000
Software/Hardware Maintenance and Services	114,000	78,000	56,000
Property Rent	4,000	5,000	14,000
Legal Services	402,000 ³	-	461,000
Fees and Licenses	267,000	374,000	236,000
Training and Travel	340,000	155,000	67,000
Grants	-	1,000	1,000
Total Services	\$6,087,000	\$5,233,000	\$5,183,000
Total	\$25,050,000	\$21,568,000	\$22,517,000

¹ Increased labor to improve response times for customer projects, wildfire mitigation and resiliency and additional support for compliance obligations

² Increase for vegetation management, National Electric Safety Code & Public Utility Commission Compliance

³ Legal service expense related to the Holiday Farm Fire

Energy Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$8,520,000 ¹	\$7,737,000	\$8,513,000
<u>Purchases</u>			
Stores Materials and Supplies	23,000	27,000	18,000
EWEB Equipment	497,000	488,000	506,000
Maintenance and Repairs	61,000	63,000	38,000
Equipment	26,000	30,000	37,000
Energy	141,777,000 ²	120,864,000	134,761,000
Water	3,000	4,000	-
Fuels	2,058,000 ³	1,641,000	1,169,000
Materials and Supplies	218,000	221,000	209,000
Technology / Office Equipment	7,000	7,000	25,000
Total Purchases	\$144,670,000	\$123,345,000	\$136,763,000
<u>Services</u>			
Contract Labor	131,000	48,000	7,000
Wheeling	12,749,000 ⁴	11,937,000	11,249,000
Construction Agreements	3,115,000 ⁵	2,726,000	2,677,000
Miscellaneous Services	788,000 ⁶	550,000	470,000
Professional and Technical Services	1,806,000 ⁷	1,281,000	1,280,000
Software/Hardware Maintenance and Services	737,000	710,000	660,000
Property Rent	22,000	20,000	47,000
Legal Services	174,000	230,000	79,000
Fees and Licenses	446,000	466,000	334,000
Training and Travel	170,000	96,000	74,000
Total Services	\$20,138,000	\$18,064,000	\$16,877,000
Total	\$173,328,000	\$149,146,000	\$162,153,000

¹ Increased labor for continued investigations and analysis on sinkholes at Trail Bridge and emerging work on Carmen-Smith, Leaburg/Waltermville and canal projects

² Purchased power cost due to higher wholesale market prices and higher budgeted volumes

³ Fuel cost for shared co-generation facility

⁴ Higher BPA Transmission costs

⁴ Higher contracted costs for wind and co-generation facilities

⁶ Resource Adequacy (NWPP)

⁷ Waltermville consulting and sinkhole investigation

Finance Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$9,294,000 ¹	\$8,776,000	\$8,073,000
<u>Purchases</u>			
Stores Materials and Supplies	18,000	24,000	13,000
EWEB Equipment	178,000	191,000	225,000
Maintenance and Repairs	6,000	5,000	-
Materials and Supplies	55,000	46,000	18,000
Technology / Office Equipment	119,000	23,000	50,000
Total Purchases	\$376,000	\$289,000	\$306,000
<u>Services</u>			
Contract Labor	87,000 ²	310,000	136,000
Miscellaneous Services	123,000	128,000	82,000
Professional and Technical Services	1,398,000 ²	1,245,000	1,144,000
Property Rent	8,000	31,000	24,000
Legal Services	185,000	234,000	121,000
Fees and Licenses	72,000	70,000	67,000
Insurance	1,186,000 ³	1,112,000	1,077,000
Training and Travel	118,000	58,000	45,000
Uncollectable Accounts	1,300,000 ⁴	1,980,000	253,000
Limited Income Services	-	-	29,000
Total Services	\$4,477,000	\$5,168,000	\$2,978,000
Total	\$14,147,000	\$14,233,000	\$11,357,000

¹ Support for expanding needs for both Utilities in AMI and CEI data management/analysis and grant research to support EWEB's projects

² Budget re-allocation between resource categories to align spending

³ Increase in insurance premiums

⁴ Reduction in uncollectable allowance from 2021, which was increased to account for the economic impact of COVID-19

General Manager Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$1,276,000 ¹	\$689,000	\$693,000
<u>Purchases</u>			
Materials and Supplies	23,000	11,000	4,000
Technology / Office Equipment	2,000	1,000	1,000
Total Purchases	\$25,000	\$12,000	\$5,000
<u>Services</u>			
Miscellaneous Services	36,000	34,000	26,000
Professional and Technical Services	159,000 ²	9,000	5,000
Legal Services	10,000	10,000	-
Printing and Postage	2,000	2,000	1,000
Training and Travel	35,000	25,000	8,000
Grants	10,000	10,000	5,000
Total Services	\$252,000	\$90,000	\$45,000
Total	\$1,553,000	\$791,000	\$743,000

¹ Organizational restructure to create Assistant General Manager and shift Policy and Government Program work to report the office of General Manager

² Increase due to energy & climate consulting

Information Services Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$7,675,000 ¹	\$5,151,000	\$6,032,000
<u>Purchases</u>			
Stores Materials and Supplies	200,000 ²	-	267,000
Materials and Supplies	5,000	5,000	4,000
Technology / Office Equipment	3,799,000 ³	1,520,000	275,000
Total Purchases	\$4,004,000	\$1,525,000	\$546,000
<u>Services</u>			
Contract Labor	25,000	-	15,000
Miscellaneous Services	629,000 ⁴	257,000	257,000
Professional and Technical Services	2,561,000 ⁵	527,000	328,000
Software/Hardware Maintenance and Services	3,142,000 ²	3,255,000	3,943,000
Printing and Postage	240,000	304,000	327,000
Fees and Licenses	10,000	10,000	16,000
Training and Travel	139,000	68,000	21,000
Total Services	\$6,746,000	\$4,421,000	\$4,907,000
Total	\$18,425,000	\$11,097,000	\$11,485,000

¹ In support of additional major utility wide programs, such as ERP, AMI, and Customer Experience Portal

² Reallocation between resources

³ Increase in software as a services (SaaS) contracts related to ERP

⁴ Verizon services for mobile workforce

⁵ ERP & SharePoint upgrades

Support Services Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$9,307,000 ¹	\$8,637,000	\$8,038,000
<u>Purchases</u>			
Stores Materials and Supplies	38,000	71,000	142,000
EWEB Equipment	1,204,000	1,176,000	1,152,000
Maintenance and Repairs	22,000	50,000	19,000
Energy	450,000	587,000	449,000
Water	147,000	195,000	150,000
Fuels	90,000	105,000	79,000
Vehicle Fuel and Oil	560,000	481,000	309,000
Materials and Supplies	367,000	366,000	276,000
Technology / Office Equipment	96,000	89,000	114,000
Total Purchases	\$2,974,000	\$3,120,000	\$2,690,000
<u>Services</u>			
Contract Labor	32,000	32,000	36,000
Construction Agreements	1,804,000 ²	1,221,000	1,534,000
Miscellaneous Services	199,000	253,000	207,000
Professional and Technical Services	464,000 ³	605,000	238,000
Software/Hardware Maintenance and Services	162,000	163,000	94,000
Property Rent	119,000	119,000	126,000
Legal Services	75,000	75,000	83,000
Printing and Postage	16,000	1,000	3,000
Fees and Licenses	157,000	32,000	481,000 ⁴
Training and Travel	108,000	68,000	41,000
Total Services	\$3,136,000	\$2,569,000	\$2,843,000
Total	\$15,417,000	\$14,326,000	\$13,571,000

¹ Support for emergency preparedness, resiliency program, delayed internal projects, GIS modernization efforts and reduced reliance on Professional and Technical Services

² Increased cost for safety and general maintenance (janitorial, asphalt, HVAC, electrolyte spray) and includes re-allocation of budget from Construction Agreements

³ Decrease is offset by reallocation of budget to construction agreements

⁴ Unbudgeted Telecom charges transferred from Electric in 2020

Water Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$8,289,000 ¹	\$7,698,000	\$8,931,000
<u>Purchases</u>			
Stores Materials and Supplies	258,000	303,000	273,000
EWEB Equipment	654,000	977,000	1,099,000
Maintenance and Repairs	36,000	30,000	71,000
Equipment	19,000	37,000	44,000
Energy	1,095,000	1,092,000	1,047,000
Water	22,000	25,000	22,000
Fuels	1,000	1,000	2,000
Materials and Supplies	719,000	693,000	693,000
Technology / Office Equipment	52,000	53,000	56,000
Total Purchases	\$2,856,000	\$3,211,000	\$3,307,000
<u>Services</u>			
Contract Labor	51,000	51,000	33,000
Conservation Measures and Incentives	20,000	50,000	35,000
Construction Agreements	5,165,000 ²	745,000	985,000
Miscellaneous Services	158,000	134,000	207,000
Professional and Technical Services	943,000	994,000	1,515,000 ³
Software/Hardware Maintenance and Services	79,000	94,000	62,000
Printing and Postage	22,000	15,000	20,000
Fees and Licenses	121,000	124,000	78,000
Training and Travel	88,000	45,000	30,000
Grants	30,000	30,000	50,000
Total Services	\$6,677,000	\$2,282,000	\$3,015,000
Total	\$17,822,000	\$13,191,000	\$15,253,000

¹ Increased costs for Watershed restoration, limited duration work for advanced meter installation, improving backflow program for the safety of the community and regulatory work

² Watershed Recovery work

³ Increased cost due to Holiday Farm Fire response in monitoring and analytical works

Workforce Services Operations & Maintenance Budget

	2022 Adopted Budget Dollars	2021 Adopted Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$2,702,000 ¹	\$1,960,000	\$2,040,000
<u>Purchases</u>			
Stores Materials and Supplies	-	-	-
EWEB Equipment	11,000	10,000	11,000
Materials and Supplies	110,000	71,000	25,000
Technology / Office Equipment	6,000	6,000	4,000
Total Purchases	\$127,000	\$87,000	\$40,000
<u>Services</u>			
Construction Agreements	7,000	7,000	1,000
Miscellaneous Services	46,000	45,000	74,000
Professional and Technical Services	300,000	300,000	271,000
Software/Hardware Maintenance and Services	25,000	25,000	7,000
Legal Services	130,000	130,000	88,000
Printing and Postage	5,000	5,000	3,000
Training and Travel	119,000	75,000	48,000
Total Services	\$632,000	587,000	\$492,000
Total	\$3,461,000	\$2,634,000	\$2,572,000

¹ Additional staff to facilitate State and Federal leave management programs and continuous improvement initiatives

DID YOU KNOW?

EWEB and the Pure Water Partners(PWP) are working to restore the riparian forests and floodplains of the McKenzie watershed, to increase their capacities to filter our drinking water, keep the river cool, and provide habitat for wildlife. Since the Holiday Farm Fire, EWEB and the PWP have planted over 210,000 native trees and shrubs to jump-start watershed recovery.

ATTACHMENT 3

LABOR & EMPLOYEE BENEFIT COSTS



DID YOU KNOW?

In 2021 EWEB became one of just over 50 organizations nationwide to be given the NIOSH Total Worker Health® Affiliate status. EWEB is the first and only utility to receive this designation, and only one of three organizations in Oregon. The Affiliate designation is given to organizations that have shown they are committed to creating safe and healthy workplaces and have practices that aligned with the principles of Total Worker Health®.

**EUGENE WATER & ELECTRIC BOARD
LABOR AND EMPLOYEE BENEFITS
2022 ADOPTED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL**

	2022 Adopted Budget		2021 Adopted Budget		2020 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits						
Regular Wages	\$51,588,000	98.1%	\$45,755,000	98.0%	\$44,314,000	90.0%
Premium Wages	1,012,000	1.9%	921,000	2.0%	4,921,000	10.0%
Total wages	<u>52,600,000</u>	<u>100.0%</u>	<u>46,676,000</u>	<u>100.0%</u>	<u>49,235,000</u>	<u>100.0%</u>
Public employees retirement fund	12,018,000	22.8%	10,784,000	23.1%	9,998,000	20.3%
Other benefits – employer contribution ¹	4,497,000	8.5%	3,984,000	8.5%	3,663,000	7.4%
Health insurance ²	10,876,000	20.7%	10,753,000	23.0%	9,044,000	18.4%
Post-retirement medical	215,000	0.4%	502,000	1.1%	561,000	1.1%
Long-term disability	298,000	0.6%	285,000	0.6%	267,000	0.5%
Life insurance	356,000	0.7%	345,000	0.7%	361,000	0.7%
Total benefits	<u>28,260,000</u>	<u>53.7%</u>	<u>26,653,000</u>	<u>57.0%</u>	<u>23,894,000</u>	<u>48.4%</u>
Total wages & benefits	<u>\$80,860,000</u>		<u>\$73,329,000</u>		<u>\$73,129,000</u>	

¹ Includes Social Security/Medicare tax, Unemployment Insurance, Workers' Compensation Insurance

² Includes Voluntary Employee's Beneficiary Association (VEBA) expense

ATTACHMENT 4

RESERVE INFORMATION



DID YOU KNOW?

EWEB is working with community partners to develop an emergency water supply program that includes several permanent distribution sites located throughout the community using groundwater wells, as well as mobile water trailers. As of January 2021, five sites are operational, with two additional sites planned.

**EUGENE WATER & ELECTRIC BOARD ELECTRIC and WATER UTILITY PROJECTED RESERVES, DESIGNATED,
UNRESTRICTED AND RESTRICTED FUNDS
(\$000s omitted)**

	Electric System			Water System		
	Target	12/31/21 Projected ¹	12/31/22 Projected ¹	Target	12/31/21 Projected ¹	12/31/22 Projected ¹
Reserves						
Operating and Self-Insurance	\$ 5,720	\$ 5,900	\$ 5,900	\$ 1,300	\$ 1,300	\$ 1,300
Power Operating	17,000	17,000	17,000			
Meter Reserve		1,000	2,000			
Capital Improvement ²	22,000	22,200	22,200	7,000	14,500	7,700
Total Reserves	44,720	46,100	47,100	8,300	15,800	9,000
Board Designated Funds³						
Rate Stabilization Fund	5,000	24,500	14,500	1,000	10,000	10,100
Economic Development Loans		-	-		-	-
Water Stewardship Fund - Septic Repairs					100	100
Alternative Water Supply					5,100	4,400
Pension and Medical Funds		1,000	1,000		400	400
Total Designated Funds	5,000	25,500	15,500	1,000	15,600	15,000
Working Cash ⁴	36,000	42,600	40,200	3,400	14,000	11,600
Total Working Cash and Unrestricted Funds	\$ 85,720	\$ 114,200	\$ 102,800	\$ 12,700	\$ 45,400	\$ 35,600
Legally Restricted						
Bond Funds - Capital		\$ 34,500	\$ 4,600		\$ 4,500	\$ -
Harvest Wind Reserve		500	500			
System Development Charge Reserves ⁵					3,500	1,000
Reserves for Debt Service		6,700	5,800		1,500	1,500
Customer Care/Customer Deposit		1,200	1,200			
Total Restricted Funds		\$ 42,900	\$ 12,100		\$ 9,500	\$ 2,500

* After completion of the annual audit, the Board of Commissioners reviews cash balances and may make transfers between funds.

¹ Projections as of October 31, 2021

² 12/31/21 projection includes funds for approved capital projects that will be continued in 2022.

³ Designated funds are used for one-time expenses.

⁴ 2021 changes to unrestricted reserves are included in working cash. The Board will officially transfer funds in the second quarter of 2022.

⁵ SDC Reimbursement Reserve is funding \$3 million of debt service payments in 2021

ATTACHMENT 5

BUDGETED FINANCIAL RATIOS & STATISTICS



DID YOU KNOW?

EWEB has a program for customers who need financial assistance with a service or upgrade. On average, EWEB finances 33 loans a month, that is approximately \$2,259,783 a year!

EUGENE WATER & ELECTRIC BOARD
BUDGETED FINANCIAL RATIOS
December 31, 2022

	Electric Utility	Water Utility
Financial Ratios		
Debt Service Coverage Ratio ¹	2.08	3.08
Days Cash ²	155	490
Target		
Debt Service Coverage Ratio	1.75 to 2.00	2.00 to 2.50
Days Cash	> 150 days	> 150 days

NOTE: A higher number for Debt Service Coverage Ratio and Days Cash and a lower number for the Operating Ratio reflects a stronger financial position.

¹ Ratio of net revenues available for debt service to total long-term debt service costs for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation

² Ratio of total available cash to adjusted average daily cash requirements for operating and other non-capital expenses. This measures the length of time the utility can carry projected non-capital related operations with readily available cash. Calculations include rate stabilization funds. In 2022, Management will be recommending options for the Board to consider for reserves above Board target



EWEB